

MANAGEMENT MEMO

NUMBER

MM 02-16

SUBJECT:

**INTERIM INFORMATION TECHNOLOGY PROJECT APPROVAL,
OVERSIGHT AND SECURITY REQUIREMENTS**

DATE ISSUED:

July 15, 2002

EXPIRES:

UNTIL RESCINDED

REFERENCES:

**EXECUTIVE ORDER D-59-02,
BUDGET LETTERS 01-13 and 02-05,
SUPERSEDES MANAGEMENT MEMO 01-23**

ISSUING AGENCY:

Department of Finance

Purpose: Per Executive Order D-59-02, this management memo (MM) provides direction on statewide information technology (IT) following the sunset of the Department of Information Technology (DOIT) on July 1, 2002. Under its general powers of supervision (Government Code Section 13070), the Department of Finance (Finance) has assumed responsibility for determining which administrative policies and procedures for information technology will continue to be applicable. This management memo gives immediate guidance to State agencies until Finance completes a more in depth review.

Policies: Effective July 1, 2002, Finance is the custodian for the IT sections of the State Administrative Manual (SAM), Statewide Information Management Manual (SIMM), IT Management Memos, as well as for Technology Directives previously issued by DOIT. Except as noted in this MM and in Attachment B, all existing policies remain in effect until departments are notified otherwise.

Project Initiation: MM 01-23 is superseded by this MM. Departments are not required to electronically register either reportable or delegated IT projects. Guidelines for Feasibility Study Report (FSR) development as defined in SAM and SIMM remain in effect. The Department of Finance is responsible for project approval and funding. Departments are to send all project initiation documents (FSRs, Special Project Reports, etc.) to Finance, as explained in Budget Letters (BLs) 01-13 and 02-05. For IT activities that meet the Finance reporting criteria listed in BL 01-13, departments must submit directly to Finance two copies of the project document in hard copy form.

At the same time project documents are sent to Finance, departments are required to submit project documents to the Legislative Analyst's Office. In addition, departments are required to submit FSRs, including the IT Procurement Plan, to the Department of General Services (DGS) according to the requirements listed below under "Procurement."

For IT activities that do not meet any of the Finance reporting criteria listed in BL 01-13, departments are reminded to continue to perform feasibility assessments, document those results internally, and obtain approval of the Department Director before beginning the IT activity.

Departments' existing IT delegations remain in effect.

Security: State department directors and Agency Secretaries are accountable for the computerized information resources held by their agencies and responsible for the integrity of computerized information resources and the authorization of access to those resources. Per SAM Section 4845, departments will be required to report to Finance incidents involving the unauthorized or accidental modification, destruction, disclosure, loss of, or access to automated files and databases, as well as incidents involving loss, damage, or misuse of information assets.

July 15, 2002

Oversight: Department directors are responsible for the management of IT projects and procurements. Per Executive Order D-59-02, for each department within an Agency, that Agency is responsible for prudent oversight of the departments' management of information technology projects and procurements. Each Agency must submit a report to Finance by August 5, 2002, and a supplemental report by October 7, 2002, describing concrete steps it is taking to increase its IT oversight. Departments not under a cabinet-level Agency are to prepare and submit this report directly to Finance. Attachment A describes Finance's information requirements for these reports in more detail.

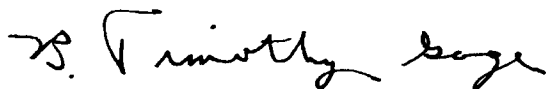
Other IT Reports: Attachment B documents which other reporting requirements remain in effect, which are modified, and where to send the information required to meet the reporting requirements.

Internal IT Reporting Relationships: Executive Order D-59-02 orders departments and Agencies to modify, if necessary, the internal reporting relationships so that the chief information officer and chief information security officer report directly to their department director and agency information officers report directly to their Agency Secretary. The intent is to ensure that directors' and Agency Secretaries are fully informed about major IT issues and risks, and are fully responsible for IT operations and performance. It is acceptable to create this reporting relationship on a functional basis rather than reorganize the department.

Procurement: The DGS is solely responsible for policies and processes for information technology procurement. For projects reportable to Finance, departments must submit feasibility study reports that include the proposed IT Procurement Plan to DGS, Procurement Division, for review if the project procurement exceeds \$500,000 or the department's purchasing delegation amount. DGS will submit its recommendation regarding the reasonableness of the proposed procurement methodology to Finance during the project review and evaluation period.

Exemptions: The University of California, the California State University, the State Compensation Insurance Fund, the California Community Colleges, agencies provided for by Article VI of the California Constitution, and the Legislature are exempt from this management memo.

Questions regarding this management memo may be addressed to the appropriate Technology Investment Review Unit manager.

A handwritten signature in black ink, appearing to read "B. Timothy Gage". The signature is fluid and cursive, with a large initial "B" and a stylized "Gage".

B. TIMOTHY GAGE
Director of Finance

Attachments

AGENCY IT REPORTS

Each Agency, or department executive office not reporting to an Agency, shall prepare reports as required by Finance that document its process for, and results of, oversight of major or sensitive information technology projects and procurements.

The first report is due August 5, 2002, and shall include the following:

1. By department, a list of the major or sensitive projects that the Agency or department executive office has evaluated and determined requires oversight at the Agency level. This list shall include a description of the Agency's selection criteria. For each project on the list, include:
 - a. A summary of project scope, cost, schedule, and benefits.
 - b. The project management methodology used to manage each project.
 - c. A list of the major issues and risks that the Agency will monitor and how that monitoring will be conducted;
 - How mitigation actions will be developed and implemented.
 - The impact to the project if the risk occurs in terms of project performance (cost, schedule, or benefit).
 - d. A list of the major procurements that the Agency will monitor, how that monitoring will be conducted, and what actions are being taken to ensure ethical contracting practices are adhered to for the project.
2. A description of how the project and procurement oversight functions will be organized by the Agency.

The second report is due October 7, 2002, and shall include the following:

1. Identify the proposed changes, if any, to each previously reported project's scope, cost, and schedule.
2. Update the list of major issues and risks, and identify what actions the Agency has taken in the preceding two months, including those taken to ensure effective oversight and to ensure adequate mitigation actions. Discuss whether the mitigation actions have been successful, and if not, the impact to the project scope, cost, schedule, or promised benefits.
3. For each project, update the list of major procurements, identify the type of procurement, and include schedule and contract value information. For awarded procurements, include the name of the vendor. Identify what actions the Agency has taken to ensure ethical contracting practices or procurement oversight management in the preceding two months.
4. Identify changes that the Agency has made in the organization of its project and procurement oversight functions and why.

Subsequent reports will be requested separately.

Attachment B

IT reports and actions to be followed by State agencies during the interim period

Report/Activity	Existing Authority/Guideline	Interim Process	Due Dates
Enterprise Portfolio Management System	MM 01-23	Suspend use of the electronic system.	Suspend immediately
IT Baseline Survey Updates	Chapter 873, Statutes of 1999-2000	Departments should continue to collect internally, with formal reporting suspended this year.	Suspended for 2003
Information Management Costs	SAM Section 4903.2	Departments should collect internally, with formal reporting suspended this year.	Suspended for 2003
Operational Recovery Plan (ORP)	SAM Sections 4843-4845	Send letter to Finance/TIRU certifying ORP is complete.	Annually, staggered dates
Software Management Plan	Executive Order D-10-99 MM 01-10	Send letter to Finance/TIRU certifying plan is complete.	Annually, January
IT Risk Management Certification	SAM Section 4845	Send certification to Finance/TIRU.	Annually, January
Information Security Officer Designation Letter	SAM Sections 4842 and 4845	Send letter to Finance/TIRU.	Annually, January
Information Management Plan (organizational charts)	SAM Section 4903.1	Send letter to Finance/TIRU certifying plan is complete.	Annually, January
Agency Information Strategy or Certification	SAM Section 4900.5	Send letter to Finance /TIRU certifying approved by Director.	Annually, August
FSRs/FSR-ERs/APDs/SPRs	BL 01-13, MM 01-23, MM 01-15	Send two hard copies to Finance/TIRU in accordance with Finance reporting criteria. Send one hard copy to the LAO. Send one hard copy of FSRs to DGS in accordance with DGS criteria.	Annually, August 12
Post Implementation Evaluation Report	SAM Section 4947	Send to Finance/TIRU.	Within 18 months of project completion
Oversight Reports—monthly, quarterly, project status, IPOC reports	MM 00-11 Project Approval Letters	Send copies to Finance/TIRU.	Ongoing, submit in accordance with project plan, prior approval letters or predetermined frequency.
Security Incident Reporting	SAM Section 4845	Send incident report to Finance/TIRU.	Submit as needed